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Consumer Price Index, Houston-Galveston-Brazoria – June 2017

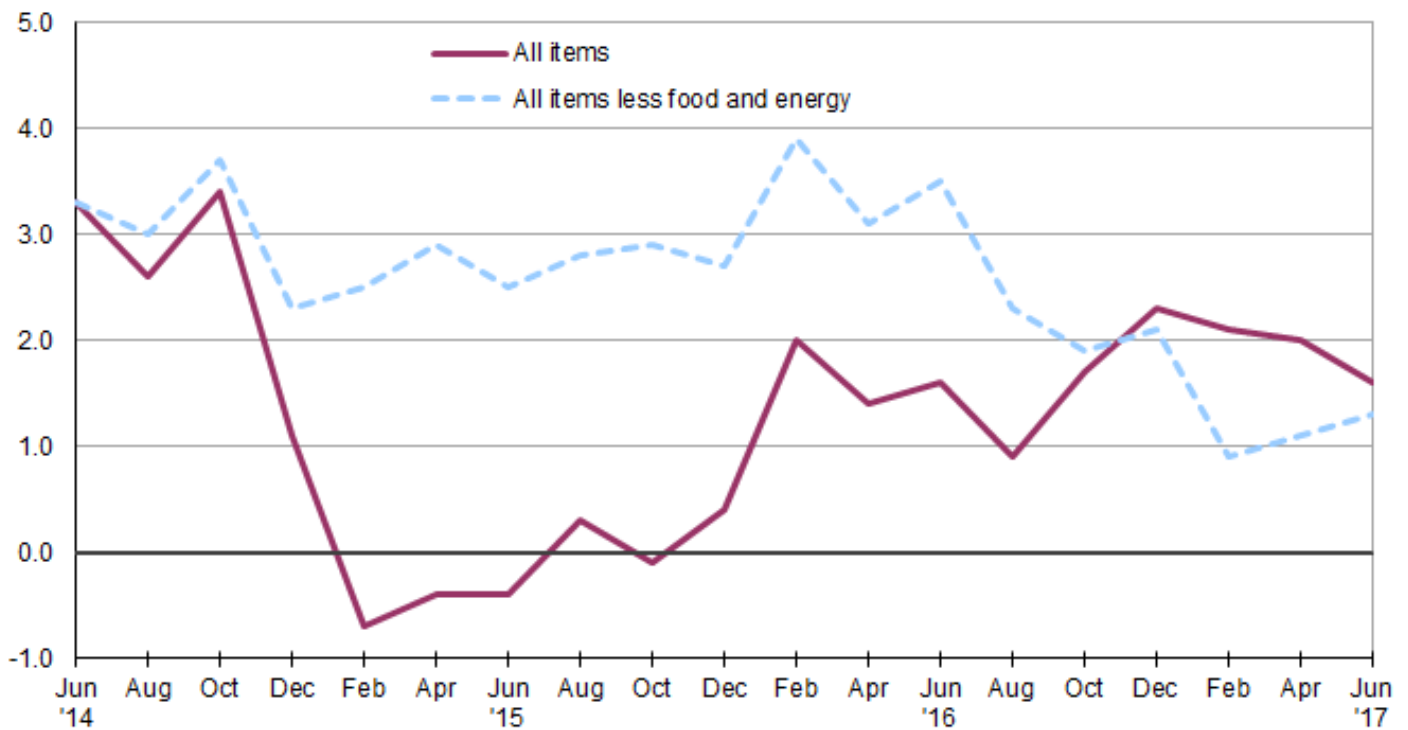
Area prices rise 0.4 percent in May and June; up 1.6 percent over the year

The Consumer Price Index for All Urban Consumers (CPI-U) in the Houston area rose 0.4 percent in May and June, the U.S. Bureau of Labor Statistics reported today. Assistant Commissioner for Regional Operations Stanley W. Suchman noted that a 0.8-percent rise in the index for all items less food and energy led to the increase, as the indexes for energy and food both declined during the period, down 2.0 and 0.5 percent, respectively. (Data in this report are not seasonally adjusted. Accordingly, short-term changes may reflect the impact of seasonal influences.)

During the year ended in June 2017, the all items CPI-U advanced 1.6 percent, while the index for all items less food and energy increased 1.3 percent. (See [chart 1](#) and [table 1](#).)

Chart 1. Over-the-year percent change in CPI-U, Houston, June 2014–June 2017

Percent change



Source: U.S. Bureau of Labor Statistics.

Food

Food prices fell 0.5 percent in May and June, after rising 0.4 percent in March and April. This marked the first bimonthly decline in food prices since July and August of 2016. During the latest period, prices for food at home (grocery stores) decreased 0.8 percent and prices for food away from home were virtually unchanged (-0.1 percent).

From June 2016 to June 2017, the food index rose 0.3 percent. This increase reflected opposing price movements between the two components of the index, as prices for food away from home rose 1.3 percent and prices for food at home fell 0.5 percent.

Energy

The energy index decreased 2.0 percent in May and June, following a 1.7-percent increase in the previous two-month period. The current decline reflected the combined effects a 4.6-percent decrease in motor fuel prices and a 0.8-percent advance in household energy prices. Within household energy, electricity costs rose 0.7 percent and natural gas costs were up 2.0 percent.

During the 12-month period ended in June 2017, the energy index increased 8.2 percent. All three energy sub-components contributed to the annual price increase though their contributions differed. Household energy costs rose 16.2 percent, with electricity costs increasing 16.0 percent and natural gas costs rising 18.3 percent. In contrast, motor fuel cost rose only 1.3 percent over the year, the slowest annual increase since October 2016.

All items less food and energy

The index for all items less food and energy advanced 0.8 percent in May and June, after edging up 0.2 percent in March and April. The biggest factor in the current advance was a 2.9-percent increase in the cost of medical care, including price increases for prescription drugs. Higher shelter costs also played an important role, rising 0.5 percent. During the period, the indexes for recreation and for other goods and services also rose, up 1.7 and 1.4 percent, respectively. In contrast, prices for education and communication slipped 0.2 percent.

From June 2016 to June 2017, the index for all items less food and energy advanced 1.3 percent. A 1.7-percent increase in shelter costs was the most important factor in the annual rise, as prices were up for both renters' costs (2.7 percent) and owners' equivalent rent (1.1 percent). Another large contributor to the annual increase was medical care prices, which rose 5.6 percent. This was the fastest annual increase in medical care prices since the year ended in April 2013. Apparel prices rose 5.9 percent in the latest 12-month period, their fastest annual gain since October 2014. Helping to offset some of these increases, prices fell over the year for household furnishings and operations (-6.8 percent), as well as education and communication (-4.0 percent).

The August 2017 Consumer Price Index for All Items for Houston-Galveston-Brazoria is scheduled to be released Thursday, September 14, 2017.

Technical Note

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 89 percent of the total population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 28 percent of the total population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 87 urban areas across the country from about 6,000 housing units and approximately 24,000 retail establishments--department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

The index measures price changes from a designated reference date (1982-84) that equals 100.0. An increase of 16.5 percent, for example, is shown as 116.5. This change can also be expressed in dollars as follows: the price of a base period "market basket" of goods and services in the CPI has risen from \$10 in 1982-84 to \$11.65. For further details, see the CPI home page on the Internet at www.bls.gov/cpi and the BLS Handbook of Methods, Chapter 17, *The Consumer Price Index*, available on the Internet at www.bls.gov/opub/hom/pdf/homch17.pdf.

In calculating the index, price changes for the various items in each location are averaged together with weights that represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Because the sample size of a local area is smaller, the local area index is subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater

volatility than the national index, although their long-term trends are quite similar. NOTE: **Area indexes do not measure differences in the level of prices between cities; they only measure the average change in prices for each area since the base period.**

The **Houston-Galveston-Brazoria, Texas, Consolidated Metropolitan Statistical Area (CMSA)** includes Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.

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Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Houston-Galveston-Brazoria, TX (1982-84=100 unless otherwise noted)

Item and Group	Indexes			Percent change from -		
	Apr. 2017	May 2017	Jun. 2017	Jun. 2016	Apr. 2017	May 2017
All items	219.852	-	220.805	1.6	0.4	-
All items (1967 = 100)	705.144	-	708.203			
Food and beverages	225.928	-	224.981	0.2	-0.4	-
Food	225.932	-	224.842	0.3	-0.5	-
Food at home	223.555	222.650	221.752	-0.5	-0.8	-0.4
Food away from home	224.380	-	224.162	1.3	-0.1	-
Alcoholic beverages	215.576	-	216.788	-0.7	0.6	-
Housing	212.402	-	212.595	1.6	0.1	-
Shelter	253.530	254.263	254.749	1.7	0.5	0.2
Rent of primary residence(1)	251.535	251.638	251.871	2.7	0.1	0.1
Owners' equivalent rent of residences(1) (2)	233.407	233.728	234.295	1.1	0.4	0.2
Owners' equivalent rent of primary residence(1)(2)	233.407	233.728	234.295	1.1	0.4	0.2
Fuels and utilities	162.232	-	163.246	11.7	0.6	-
Household energy	142.375	141.736	143.564	16.2	0.8	1.3
Energy services(1)(3)	139.915	139.282	141.148	16.3	0.9	1.3
Electricity(1)	138.268	137.520	139.197	16.0	0.7	1.2
Utility (piped) gas service(1)	136.192	136.205	138.877	18.3	2.0	2.0
Household furnishings and operations	131.426	-	127.380	-6.8	-3.1	-
Apparel	186.455	-	188.617	5.9	1.2	-
Transportation	182.285	-	183.150	2.9	0.5	-
Private transportation	180.485	-	182.094	4.7	0.9	-
Motor fuel	201.942	200.048	192.696	1.3	-4.6	-3.7
Gasoline (all types)	202.377	200.451	193.011	1.2	-4.6	-3.7
Gasoline, unleaded regular(4)	205.290	202.734	195.028	0.7	-5.0	-3.8
Gasoline, unleaded midgrade(4)(5)	216.751	216.584	208.331	2.0	-3.9	-3.8
Gasoline, unleaded premium(4)	218.344	219.795	213.298	4.2	-2.3	-3.0
Medical care	474.138	-	487.767	5.6	2.9	-
Recreation(6)	102.831	-	104.619	1.3	1.7	-
Education and communication(6)	120.229	-	120.048	-4.0	-0.2	-
Other goods and services	402.886	-	408.370	2.0	1.4	-
Commodity and service group						
Commodities	173.734	-	173.074	0.3	-0.4	-
Commodities less food and beverages	148.129	-	147.603	0.3	-0.4	-
Nondurables less food and beverages	197.684	-	196.351	2.4	-0.7	-
Durables	102.352	-	102.399	-2.2	0.0	-
Services	267.531	-	269.926	2.4	0.9	-
Special aggregate indexes						
All items less shelter	207.241	-	208.092	1.6	0.4	-
All items less medical care	207.509	-	208.001	1.3	0.2	-
Commodities less food	150.497	-	150.014	0.3	-0.3	-
Nondurables	212.004	-	210.863	1.2	-0.5	-
Nondurables less food	198.488	-	197.308	2.2	-0.6	-
Services less rent of shelter(2)	281.396	-	285.083	3.1	1.3	-
Services less medical care services	246.990	-	248.723	2.0	0.7	-
Energy	168.680	167.497	165.365	8.2	-2.0	-1.3
All items less energy	227.902	-	229.298	1.2	0.6	-
All items less food and energy	228.055	-	229.864	1.3	0.8	-

Footnotes(1) This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.

(2) Indexes on a December 1982=100 base.

(3) Prior to January 2011 this series was titled Gas (piped) and electricity.

Note: See footnotes at end of table.

- (4) Special index based on a substantially smaller sample.
 - (5) Indexes on a December 1993=100 base.
 - (6) Indexes on a December 1997=100 base.
- Note: Index applies to a month as a whole, not to any specific date.